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COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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BLACKSTONE GAS COMPANY) D. T. E. 00-87

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OFFER OF SETTLEMENT

This Offer of Settlement ("Settlement") is entered into this 14th day of December, 2000 by and between the Blackstone Gas Company ("Blackstone or the "Company") and the Commonwealth of Massachusetts Division of Energy Resources ("DOER"), for the purpose of resolving all issues that were raised in connection with the above-captioned proceeding. Blackstone and DOER are collectively referred to herein as the "Settling Parties." Pursuant to 220 C.M.R. § 1.10(8), the Settling Parties stipulate to the following:

1. On November 20, 2000, pursuant to G.L.c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., Blackstone filed with the Department of Telecommunications and Energy ("Department") a petition for approval by the Department of the Company's proposed operating budget of \$3,266 and applicable monthly surcharge of \$0.14 per monthly bill for the residential energy conservation service ("RCS") program for the calendar year January 1, 2001 through December 31, 2001 ("CY-2001").

2. Pursuant to G.L.c. 164 App., §§ 2-1 through 2-10 DOER must adopt a state plan and promulgate regulations necessary to implement that plan. DOER is responsible for (a) establishing residential energy and conservation goals; (b) establishing ECS program guidelines; (c) monitoring the implementation of the program requirements; and (d) overseeing the implementation of the state plan by approving a utility implementation plan ("UIP"). DOER is in the process of redesigning the ECS program.

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3. In support of this Offer of Settlement, the Settling Parties hereby incorporate into this Settlement the exhibits Blackstone filed with the Department on November 20th in support of its proposed budget and surcharge.

4. DOER has received and reviewed Blackstone's CY 2001 budget filing and finds that Blackstone's proposed budget is adequate to support the activities as outlined and specified.

5. Blackstone's RCS budget filing complies with the requirements established in G.L.c. 164 App., §§ 2-1 through 2-10; 220 C.M.R. §§ 7.00 et seq.; and the filing requirements set forth in Mass. Save, Inc., D.P.U. 85-189 (1985).

6. Blackstone's actual expenses for the six month period, July 1, 1999 through December 31, 1999, were \$1,250 and are reasonable and therefore recoverable from ratepayers.

7. Blackstone's actual expenses for the first ten months of its calendar year, January 1, 2000 through December 31, 2000 ("CY-2000") were \$680 and are reasonable and therefore recoverable from ratepayers (Exh. BG-1, page 6).

8. Blackstone's CY-2001 budget projections are good faith estimates based on computations involving current and historical data. These twelve-month estimated expenditures for CY-2001 are reasonable and recoverable from the ratepayers.

9. The Company calculated its RCS surcharge by dividing the total number of bills expected to be rendered during CY-2001 by the net amount to be collected to support RCS services. The RCS surcharge to be applied to the Company's bills during CY-2001 shall be \$0.14 per bill per month. Their current surcharge is \$0.16 per bill per month approved by the Department in Blackstone Gas Company, D.T.E. 99-94-A (December 30, 1999) for CY-2000.

10. Blackstone's proposed CY-2001 RCS program budget, budget reconciliations, and proposed CY 2001 surcharge, are reasonable.

11. The making of this Settlement shall not be deemed in any respect to constitute

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an admission by any party that any allegation or contention in these proceedings is true or valid.

12. This Settlement is expressly conditioned upon the Department's acceptance of all of its provision, without change or condition on or before December 31, 2000, and if the Department does not accept it in its entirety, without change or condition, the Settlement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

13. The Department's acceptance of this Settlement does not constitute continuing approval of, or precedent regarding, any particular issue in this proceeding, but such acceptance does not constitute a determination that, as the Settling Parties believe, the provisions set forth herein are just and reasonable.

14. The discussions which have produced this Settlement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

-2-

Wherefore, the Settling Parties agree to jointly petition the Department to approve this Offer of Settlement by submitting a Joint Motion for Approval of Offer of Settlement in accordance with 220 C.M.R. § 1.10(8), and by their attorneys and/or principals do hereunto affix their names.

BLACKSTONE GAS COMPANY

Thomas P. Hurley, CPA

Blackstone Gas Company

61 Main Street

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P. O. Box 162
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DIVISION OF ENERGY RESOURCES

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-3-